

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

MONTHLY NOTES

FARM MANAGEMENT AND FARM ECONOMICS

September 1, 1921.

WE HAVE HELD UP THIS LETTER A WEEK in order to include the September 1 crop report. This is the harvest report. The figures on important crops are on the last page.

WE LOOK OUT OVER THE COUNTRY for the economic high-lights now at harvest time and some of the things we see are:-

A big corn crop.

A fair wheat crop, with European needs apparently about like last year.

Light crops of oats and hay.

A short potato crop.

The shortest cotton crop in 29 years.

Heavy fall movement of wheat to mills and seaboard.

Fewer hogs and beef cattle in the country than last year.

Some increase in cotton and wool manufacturing.

The iron and steel industry at low ebb, - estimated working at 20% of capacity.

The copper industry stagnant.

Coal demands below normal, but mine wages still high and coal prices maintained.

Railroads not working to capacity.

Considerable unemployment, - estimates range around 5,000,000 men.

Easier credit; lower Federal Reserve rediscount rates.

Wholesale prices checked in their general downward trend.

SOME CONCLUSIONS the average man might draw (whether right or wrong) would be:-

That the farmer's relative position stands to improve during the next year (barring a crop failure). He is liquidating his debts and

adjusting to the new price basis. Wages and manufactured products, on the other hand, are acutely in the deflation process.

That the price of farm products stands to improve, both absolutely and relatively. There is none too much wheat, and the export situation is stronger than last year, partly because of competitive buying and better credits. Cotton is a short crop and the consumptive demand for cotton goods is slowly improving. Much of the corn crop will sell in higher priced hogs and beef cattle. Potatoes are a short crop and not much chance for import or substitution.

That eastern dairy products may have to be made this winter from somewhat higher priced feeds.

That building materials and equipment are still relatively so high as to discourage much farm buying.

That raw materials are generally low enough in price so that deflation of manufactured products, which the farmer needs to buy, now seems to wait chiefly upon lower wages, freight rates, and fuel, - which is to say chiefly on lower wages.

That the farmer must presently see either a general lowering of industrial and railroad wages, or else is likely to see a somewhat higher level of prices.

AN INDEX OF PRODUCTION of interest has been worked out by the National City Bank, and printed in the August issue of their Bulletin:-

(Normal Production Equals 100)

	Jan.	Feb.	Mar.	April	May	June
Anthracite coal mined	101.3	110.8	93.4	98.2	88.9	94.1
Bituminous coal mined	73.6	64.0	57.4	64.0	67.3	65.9
Pig iron production...	70.0	59.1	44.4	33.2	33.7	30.8
Steel ingot production	58.3	48.8	40.0	30.9	31.9	26.5
Tin deliveries.....	30.1	30.7	32.6	30.8	23.7	30.8
Cement production....	77.8	70.3	88.2	87.7	82.8	83.6
Cotton consumption...	54.8	66.7	66.1	63.6	67.1	72.5
Wool consumption.....	55.4	67.1	87.8	98.4	105.2	106.6
Sugar meltings.....	53.6	77.9	120.0	95.9	80.3	79.2
Wheat flour milled....	79.6	80.0	107.9	113.7	104.6	116.1
Meat slaughtered.....	88.2	92.2	91.9	101.1	96.9	102.0

WHEAT. The Department of Agriculture last week began its world-wide reports on crops, wheat being the first crop summarized.

The 1921 harvest estimate for the twenty leading wheat countries is 2,461,430,000 bushels, against 2,384,143,000 bushels last year.

The wheat crop is reported as good in Canada, fair in Northern and Central Europe. India will apparently have to import, and very likely Russia as well.

COTTON. The Government report of this date indicates the smallest crop of cotton in 29 years. The estimate is a condition of 49.3%, an acre yield of 127 pounds (which is the lowest in fifty-six years), and a total crop of 7,037,000 bales. The New Orleans market advanced about \$8.50 a bale within ten minutes after receipt of this report.

REGARDING THE TREND OF PORK PRODUCTS, we quote a rather significant dispatch from the New York Times of this date:-

"A decrease of 34,630,000 pounds in local lard stocks for the month was larger than expected they are 71,525,000 pounds, compared with 95,262,000 last year. Export business in lard of late has been very large and in the last three days the local packers (Chicago) have sold 20,000,000 pounds abroad.

The decrease in stocks at this period, when packing is 246,000 hogs in excess of last year, is taken as indicating an excellent comsumptive demand. Pure lard is regarded as selling at prices that prevent the use of substitutes, cotton oil selling at practically the same figure as lard.

The trade estimates that, on the basis of the Government report, the cotton oil output this season will be 500,000,000 pounds less than last year equal to a shortage of 12,500,000 hogs, based on forty pounds of lard per hog."

THE MATTER OF A MONTHLY PRICE SERVICE should have attention in every state. A number of letters are at hand from extension and college men in regard to this. It seems advisable that we should furnish locally some kind of a monthly service of facts and figures on price trends, and perhaps some interpretation thereof. An exchange of ideas along this line would help us all.



WHOLESALE PRICE INDEXES FOR JULY as made up by the Bureau of Labor Statistics are as follows, 1913 being the base or 100. (June figures also given for comparison).

<u>Farm Products</u>		<u>Commodity Groups</u>	
	<u>June</u> <u>July</u>		<u>June</u> <u>July</u>
Cotton	94 97	Farm Products	113 115
Corn	98 98	Food, etc.	122 134
Wheat, No. 1, N.	168 150	Cloths & clothing	180 179
Hay, Timothy No. 1	138 150	Fuel & lighting	187 194
Steers (good to ch.)	95 99	Metals & met. products	132 125
Hogs	97 116	Building materials	202 200
Tobacco	208 208	Chemicals (& drugs)	166 163
Eggs, N. Y.	108 133	House-furnishing goods	250 235
Milk, N. Y.	137 152	<u>All commodities</u>	143 148
Potatoes	96 238*		
Wool (medium)	103 103		

(*new)

WHAT ABOUT THE TREND OF PRICES? Can the July figures be taken to indicate beginnings of stabilization? House-furnishing goods, which have been out of reach mostly, are on the downward slide. There were slight reductions, too, in some fuel oils, building materials and chemicals. Cloths and clothing resist strongly. Before prices can become stabilized in any great measure, these manufactured products have got to come down a lot more, or many raw materials must go up a lot more, or both. We cannot have stabilization of industry and of production with such wide price gaps between the commodity groups.

Certain farm products advanced in July, as is usual, and under present conditions inevitable. Cotton, hogs, eggs, potatoes, hay and Eastern milk all went up. Wheat declined.

The general price index of all commodities remained the same as the previous month, - a fact of some significance.

"WHAT BROUGHT ABOUT THE AGRICULTURAL DEPRESSION?" Representative Anderson, Chairman of the Congressional Joint Commission of Agricultural Inquiry, is quoted as ascribing conditions primarily to four factors: Falling off of exports, falling off of domestic consumption, indreased freight rates, and credit limitations. Other things are mentioned but these four are stressed by Mr. Anderson.



WE QUOTE FROM WARREN'S NEW BULLETIN on prices of farm products (Dept. Bulletin No. 999), under the heading "What Can Be Done" in the face of the agricultural depression. This bulletin is now available. Among other things he says:-

"Farmers are forced to a policy of retrenchment. Drastic reductions in business costs and living expenses have been necessary. A policy of making the farm produce more of the food for the family and otherwise become more nearly self-sufficient is necessary. This will reserve the income for payment of debts and for necessary purchases.

"Since farm products are so very cheap, it would seem desirable to increase the supply of live stock. Surplus crops stored in growing animals are a good risk. There is at least a fair chance that the animals will sell when feed is more valuable.

"Until Russia again becomes an exporting nation the outlook for the export of wheat and rye is apparently more favorable than for most other farm products.

"Ample supplies of grain and hay should be held on farms in each year of excessive production. More attention should be given to the storage and financing of crops in years when the weather is unusually favorable so that the unexpected production which is often a calamity to the farmers may be used to supplement short crops that are not almost equally injurious to industry.

"The agriculture of America will recover. But in the meantime many individual farmers have lost all their savings. The injury is most serious for young men who began farming as tenants or owners in the past few years. When prices are high, it is difficult to avoid becoming too optimistic. When prices are low, it is equally difficult to avoid becoming too much discouraged. Many business failures are primarily failures of courage. Many farmers cannot avoid failure, but courage and perseverance will carry many others through seemingly impossible conditions and will do much to bring back normal times."

IF YOU ARE INTERESTED IN MORTGAGE PROBLEMS or in the operation of the Land-Banks, you will hardly want to pass up Bulletin 968, entitled "Buying Farms With Land-Bank Loans." This bulletin has just come out, - the product of Dr. Gray and Mr. Turner of this Office.

SPEAKING OF NEW PUBLICATIONS, have you seen App's bulletin on Tomato Costs in New Jersey? Also the U. S. bulletin on Labor Standards in Louisiana?.

IN NEW YORK STATE Dr. Ladd (in charge of farm management extension work) has an interesting project which he calls a "farm management service." A group of farmers in a certain area pay \$10 each. In return, the College sends out a draughtsman and a farm management specialist. The farm and buildings in each case are carefully mapped. A survey record is taken of the business, and all necessary notes.

Each farm business is then studied and passed upon by a committee at the college. A report is returned to the farmer which includes blueprint maps and plans of his farm and buildings, suggested changes in layout or buildings, recommendations on crop, system, animals and general questions of management.

This is an intensive kind of work. Likewise it is experimental. But it looks good. I was out where Dr. Ladd's men were at work on the farms last month and it looks a good deal like genuine service.

MR. H. C. M. CASE, who has been in charge of the farm management demonstration work in the Northern and Western States has left Washington preliminary to taking up graduate work at Wisconsin University. Mr. H. M. Dixon of this Office will have the demonstration work in charge for the present.

MR. L. A. MOOREHOUSE IS ALSO LEAVING in about a month to take charge of a newly organized Department of Economics at Colorado State College. Mr. Moorehouse has been directing various work here on cost of production, particularly of cotton, sugar beets, etc. Thus it is that Uncle Sam loses his good hired men.

A CHART SHOWING FARM PRICES OF FARM PRODUCTS is enclosed herewith, this being the chart that accompanes Dr. Warren's new price bulletin. This shows farm prices (rather than wholesale prices) by months from 1909, with a five-year base. We have some extra copies of this chart which will be immediately available if you need the same.

SEPTEMBER CROP REPORT

(Issued September 8, 1921).

CROP.	TOTAL PRODUCTION IN MILLIONS OF BUSHELS.			
	1921.		1920	1915.
	Sept. Fore- cast.	August Fore- cast.	De- cember Esti- mate	1919 Aver- age.
Winter wheat.....	φ 544	φ 544	578	572
Spring wheat.....	210	213	209	258
All wheat.....	754	757	787	831
Corn.....	3,186	3,032	3,232	2,798
Oats.....	1,090	1,137	1,526	1,433
Barley.....	167	171	202	208
Rye.....	φ 64.3	φ 64.3	69.3	69.2
Buckwheat.....	13.0	13.0	13.8	15.0
White potatoes.....	323	316	428	371
Sweet potatoes.....	110	114	112	84.7
Tobacco, lbs.....	948	889	1,508	1,272
Flax.....	8.3	8.9	11.0	11.7
Rice.....	32.7	33.5	53.7	37.2
Hay, tame, tons.....	φ 79.8	81.6	91.2	85.8
Hay, wild, tons.....	φ 14.8	15.5	17.0	17.6
Cotton.....	7.0	8.2	* 13.4	* 11.5
S. Beets, tons.....	8.0	8.0	8.55	6.22
Apples, total.....	107	109	244	183
" commerc'l barrels.	18.9	21.3	33.3	-----
Peaches.....	33.0	31.3	43.7	46.6
Kafirs.....	127	130	144	86.1
Peanuts.....	32.5	37.6	36.0	-----
Beans (Six States).....	8.8	8.9	9.1	13.3

φ Preliminary estimate.

* Census.

